

WILTON COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS,
BASIC FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION
AND SCHEDULE OF FINDINGS
AND QUESTIONED COSTS

JUNE 30, 2011

WILTON COMMUNITY SCHOOL DISTRICT
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WILTON COMMUNITY SCHOOL DISTRICT

Officials

June 30, 2011

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Linda Duncan	Board President	2011
Gary Mauer	Board Member	2011
Anthony Hurd	Board Member	2011
Jeff Belknap	Board Member	2013
Christopher Watkins	Board Member	2013

School Officials

Joe Burnett	Superintendent	2011
Joy Gehrls	District Secretary	Indefinite
Staci Owens-Kirkman	District Treasurer/Business Manager	Indefinite

KAY L. CHAPMAN, CPA PC

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Muscatine, Iowa 52761
563-264-1385

Independent Auditor's Report

To the Board of Education
Wilton Community School District

I have audited the accompanying financial statements of the governmental activities, business type activities, each major fund and the aggregate remaining fund information of Wilton Community School District, Wilton, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. My responsibility is to express opinions on these financial statements based on my audit.


I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Wilton Community School District as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated March 1, 2012 on my consideration of Wilton Community School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

Management's Discussion and Analysis, Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 13 and 47 through 49 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wilton Community School District's basic financial statements. Other supplementary information included in Schedules 1 through 9, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in my audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. I previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the seven years ended June 30, 2010 (which are not presented herein) and expressed unqualified opinions on those financial statements. In my opinion, the information set forth in the supplementary information for each of the eight years in the period ended June 30, 2011, appearing in Schedule 8, is fairly stated, in all material respects in relation to the basic financial statements from which it has been derived.



Kay L. Chapman, CPA PC
March 1, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

Wilton Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2011. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2011 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$7,843,549 in fiscal 2010 to \$8,241,695 in fiscal 2011, and General Fund expenditures decreased from \$8,002,367 in fiscal 2010 to \$7,978,154 in fiscal 2011. The District's General Fund balance increased from \$1,432,179 in fiscal 2010 to \$1,696,580 in fiscal 2011, an 18% increase.
- The increase in General Fund revenues was attributable to cash reserve levied to make up the FY 2010 across the board cut. The decrease in expenditures was due primarily to staff reductions through attrition at the end of FY 2010.
- USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Wilton Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Wilton Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Wilton Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Other Supplementary Information provides detailed information about the nonmajor Governmental and Enterprise funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the District.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

Figure A-1
Wilton Community School District Annual Financial Report

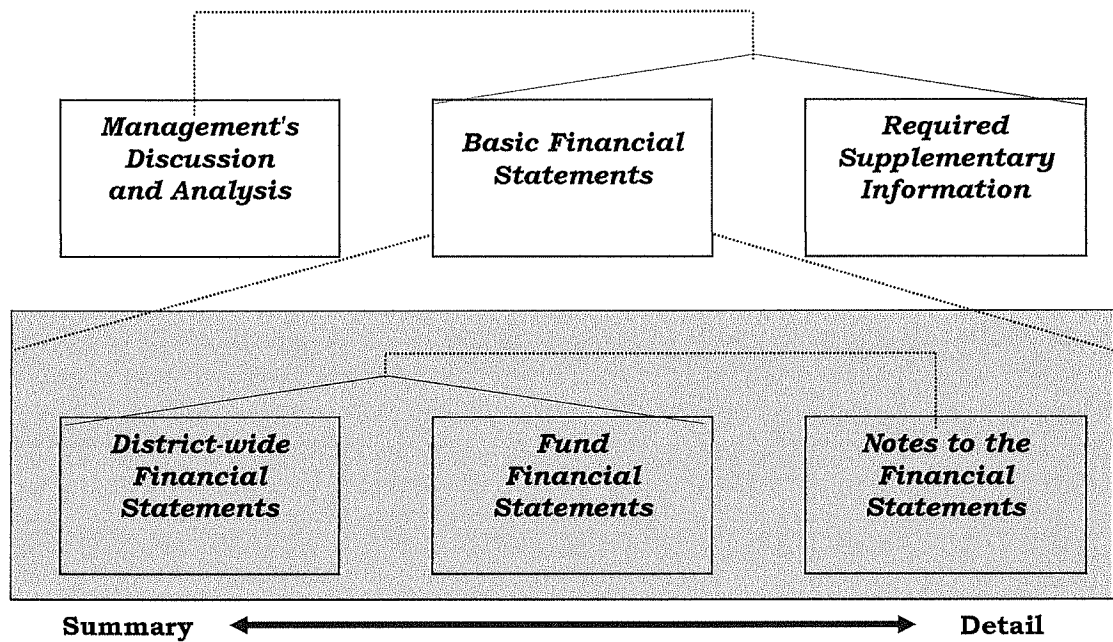


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2

Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services, FFA farm, pool and latchkey programs	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program, FFA farm operations, swimming pool operations and latchkey programs are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's enterprise funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has four enterprise funds, the School Nutrition Fund, FFA Farm Fund, Swimming Pool Fund and Latchkey Fund. Internal service funds, the other type of proprietary fund, are optional and available to report activities that provide supplies and services for

other District programs and activities. The District currently has two internal service funds, the Self-Insurance Fund and the Employee Flex Benefits Fund.

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

3) *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others. These funds include a Private-purpose Trust Fund and an Agency Fund.

- Private-purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.
- Agency Funds - These are funds through which the District administers and accounts for certain revenue collected for the community mentoring program and various trip funds.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds includes a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2011 compared to June 30, 2010.

Figure A-3

	Condensed Statement of Net Assets						
	Governmental		Business Type		Total		Total
	Activities		Activities		District		Change
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2010-2011</u>
Current and other assets	\$ 6,160,845	\$ 5,813,138	\$ 169,181	\$ 117,119	\$ 6,330,026	\$ 5,930,257	6.74%
Capital assets	<u>8,171,294</u>	<u>8,318,676</u>	<u>45,925</u>	<u>49,487</u>	<u>8,217,219</u>	<u>8,368,163</u>	-1.80%
Total assets	<u>14,332,139</u>	<u>14,131,814</u>	<u>215,106</u>	<u>166,606</u>	<u>14,547,245</u>	<u>14,298,420</u>	1.74%
Long-term liabilities	380,172	715,686	-	-	380,172	715,686	-46.88%
Other liabilities	<u>2,942,479</u>	<u>2,907,582</u>	<u>21,842</u>	<u>25,206</u>	<u>2,964,321</u>	<u>2,932,788</u>	1.08%
Total liabilities	<u>3,322,651</u>	<u>3,623,268</u>	<u>21,842</u>	<u>25,206</u>	<u>3,344,493</u>	<u>3,648,474</u>	-8.33%
Net assets							
Invested in capital assets,							
net of related debt	7,996,294	7,793,676	45,925	49,487	8,042,219	7,843,163	2.54%
Restricted	548,948	489,735	-	-	548,948	489,735	12.09%
Unrestricted	<u>2,464,246</u>	<u>2,225,135</u>	<u>147,339</u>	<u>91,913</u>	<u>2,611,585</u>	<u>2,317,048</u>	12.71%
Total net assets	<u>\$ 11,009,488</u>	<u>\$ 10,508,546</u>	<u>\$ 193,264</u>	<u>\$ 141,400</u>	<u>\$ 11,202,752</u>	<u>\$ 10,649,946</u>	5.19%

The District's combined net assets increased by approximately 5%, or \$552,806 over the prior year. The largest portion of the District's net assets is the investment in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased \$59,213, or 12% over the prior year.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased \$294,537, or approximately 13%.

Figure A-4 shows the changes in net assets for the year ended June 30, 2011 compared to the year ended June 30, 2010.

Figure A-4
Change in Net Assets

	Governmental Activities		Business Type Activities		Total District		Total Change
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2010-2011</u>
Revenues							
Program revenues							
Charges for service	\$ 944,692	\$ 962,286	\$ 526,947	\$ 485,950	\$ 1,471,639	\$ 1,448,236	1.62%
Operating grants	1,412,328	1,592,200	158,671	154,135	1,570,999	1,746,335	-10.04%
General revenues							
Property tax	3,132,300	3,210,918	-	-	3,132,300	3,210,918	-2.45%
Statewide sales, services and use tax	536,760	512,196	-	-	536,760	512,196	4.80%
Unrestricted state grants	3,274,385	2,819,977	-	-	3,274,385	2,819,977	16.11%
Contributions and donations	21,775	22,638	-	-	21,775	22,638	-3.81%
Unrestricted investment earnings	26,833	43,333	1,287	1,666	28,120	44,999	-37.51%
Other	<u>144,353</u>	<u>36,586</u>	<u>-</u>	<u>-</u>	<u>144,353</u>	<u>36,586</u>	294.56%
Total revenues	<u>9,493,426</u>	<u>9,200,134</u>	<u>686,905</u>	<u>641,751</u>	<u>10,180,331</u>	<u>9,841,885</u>	3.44%
Program expenses							
Governmental activities							
Instruction	5,640,143	5,752,384	-	-	5,640,143	5,752,384	-1.95%
Support services	2,461,129	2,544,263	-	-	2,461,129	2,544,263	-3.27%
Non-instructional programs	183,096	187,021	635,041	619,994	818,137	807,015	1.38%
Other expenses	<u>708,116</u>	<u>709,651</u>	<u>-</u>	<u>-</u>	<u>708,116</u>	<u>709,651</u>	-0.22%
Total expenses	<u>8,992,484</u>	<u>9,193,319</u>	<u>635,041</u>	<u>619,994</u>	<u>9,627,525</u>	<u>9,813,313</u>	-1.89%
Change in net assets	500,942	6,815	51,864	21,757	552,806	28,572	1834.78%
Net assets, beginning of year	<u>10,508,546</u>	<u>10,501,731</u>	<u>141,400</u>	<u>119,643</u>	<u>10,649,946</u>	<u>10,621,374</u>	0.27%
Net assets, end of year	<u>\$ 11,009,488</u>	<u>\$ 10,508,546</u>	<u>\$ 193,264</u>	<u>\$ 141,400</u>	<u>\$ 11,202,752</u>	<u>\$ 10,649,946</u>	5.19%

In fiscal 2011, property tax and unrestricted state grants account for 67% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for 99% of the revenue from business type activities.

The District's total revenues were \$10,180,331 of which \$9,493,426 was for governmental activities and \$686,905 was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 3% increase in revenues and a 2% decrease in expenses. The increases in revenues are attributable to the FY 2010 across the board cut in state aid equal to \$392,415. The district recouped that amount through property taxes levied in FY 2011. Decreased expenses relate to the end-of-year FY 2010 staff reductions in the General Fund.

Governmental Activities

Revenues for governmental activities were \$9,493,426 and expenses were \$8,992,484 for the year ended June 30, 2011.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2011 compared to the year ended June 30, 2010.

Figure A-5

	Total and Net Cost of Governmental Activities					
	Total Cost of Services			Net Cost of Services		
	2011	2010	Change 2010-2011	2011	2010	Change 2010-2011
Instruction	\$ 5,640,143	\$ 5,752,384	-2.0%	\$ 3,622,876	\$ 3,554,996	1.9%
Support services	2,461,129	2,544,263	-3.3%	2,452,664	2,529,865	-3.1%
Non-instructional programs	183,096	187,021	-2.1%	183,096	178,336	2.7%
Other expenses	<u>708,116</u>	<u>709,651</u>	-0.2%	<u>376,828</u>	<u>375,636</u>	0.3%
Total expenses	<u>\$ 8,992,484</u>	<u>\$ 9,193,319</u>	-2.2%	<u>\$ 6,635,464</u>	<u>\$ 6,638,833</u>	-0.1%

For the year ended June 30, 2011:

- The cost financed by users of the District's programs was \$944,692.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,412,328.
- The net cost of governmental activities was financed with \$3,669,060 in property and other taxes and \$3,274,385 in unrestricted state grants.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2011 were \$686,905 representing a 7% increase over the prior year and expenses were \$635,041, a 2% increase over the prior year. The District's business type activities include the School Nutrition Fund, FFA Farm Fund, Swimming Pool Fund and Latchkey Fund. Revenues of these activities were comprised of charges for service, federal and state

reimbursements and investment income. Revenue and expenditure increases are mostly due to the Latchkey 2010-11 school year program increased usage and a \$10,000 donation to the Pool in FY 2011.

INDIVIDUAL FUND ANALYSIS

As previously noted, Wilton Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$2,217,972 slightly above last year's ending fund balances of \$1,977,839.

Governmental Fund Highlights

- The General Fund balance increased from \$1,432,179 to \$1,696,580 due to levying cash reserve taxes for the FY10 across the board State Aid cut.

Proprietary Fund Highlights

Enterprise Fund net assets increased from \$141,400 at June 30, 2010 to \$193,264 at June 30, 2011, representing an increase of approximately 37%. The increase was due to being conservative during recession in proprietary funds; thus resulting in increased carryover balance in all Enterprise Funds.

BUDGETARY HIGHLIGHTS

Wilton Community School District did not amend its annual budget during the year ended June 30, 2011.

The District's revenues were \$2,388 more than budgeted revenues, a variance of less than 1%. Total expenditures were \$570,444 less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures close to the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2011, the District had invested \$8,217,219 net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net decrease of approximately 2% from last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$432,911.

The original cost of the District's capital assets was \$17,615,326. Governmental funds account for \$17,398,318, with the remainder of \$217,008 accounted for in the Proprietary Funds.

The largest change in capital asset activity during the year occurred in the furniture and equipment category, which increased from \$536,877 at June 30, 2010 to \$563,503 at June 30, 2011. This increase was a result of annual depreciation expense and asset disposals.

Figure A-6

Capital Assets, Net of Depreciation

	Governmental Activities		Business Type Activities		Total District		Total Change
	2011	2010	2011	2010	2011	2010	2010-2011
Land	\$ 125,211	\$ 125,211	\$ -	\$ -	\$ 125,211	\$ 125,211	0.00%
Buildings and improvements	6,740,825	6,897,134	-	-	6,740,825	6,897,134	-2.27%
Improvements other than buildings	787,680	808,941	-	-	787,680	808,941	-2.63%
Furniture and equipment	<u>517,578</u>	<u>487,390</u>	<u>45,925</u>	<u>49,487</u>	<u>563,503</u>	<u>536,877</u>	4.96%
Totals	<u>\$8,171,294</u>	<u>\$8,318,676</u>	<u>\$ 45,925</u>	<u>\$49,487</u>	<u>\$8,217,219</u>	<u>\$8,368,163</u>	-1.80%

Long-Term Debt

At June 30, 2011, the District had \$380,172 in general obligation and other long-term debt outstanding. This represents a decrease of approximately 47% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

The District continues to carry a general obligation bond rating of Aa3 assigned by national rating agencies to the District's debt. The Constitution of the State of Iowa limits the amount of general obligation debt districts can issue to 5 percent of the assessed value of all taxable property within the District. The District's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$10 million.

Figure A-7

Outstanding Long-term Obligations

	Total School District		Total Change
Governmental Activities	2011	2010	2010-2011
Revenue bonds	\$175,000	\$ 525,000	-66.67%
Compensated absences	16,811	16,002	5.06%
Termination benefits	73,832	119,172	-38.05%
Net OPEB liability	<u>114,529</u>	<u>55,512</u>	106.31%
Total	<u>\$380,172</u>	<u>\$ 715,686</u>	-46.88%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- The District has experienced fluctuating enrollment for the past several years. The district expects declining enrollment in the future, making it difficult to balance future budgets.
- Fiscal 2011 was a one year contract with the Wilton Education Association (WEA). The District negotiated a new agreement during fiscal 2011 for 2012. Settlements in excess of "new money," or allowable growth in state funding, will have an adverse effect on the District's General Fund budget and related fund balance.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Staci Owens-Kirkman, District Treasurer/Business Manager, or Joe Burnett, Superintendent at the Wilton Community School District, 1002 Cypress Street, Wilton, Iowa 52778.

Basic Financial Statements

WILTON COMMUNITY SCHOOL DISTRICT
Statement of Net Assets
June 30, 2011

Exhibit A

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and cash equivalents	\$ 2,721,402	\$ 153,076	\$ 2,874,478
Receivables			
Property tax			
Delinquent	32,674	-	32,674
Succeeding year	2,773,987	-	2,773,987
Accounts receivable	878	7,937	8,815
Income surtax	340,066	-	340,066
Due from other governments	291,838	700	292,538
Inventories	-	7,468	7,468
Non-depreciable capital assets	125,211	-	125,211
Capital assets, net of accumulated depreciation	8,046,083	45,925	8,092,008
Total assets	<u>14,332,139</u>	<u>215,106</u>	<u>14,547,245</u>
Liabilities			
Accounts payable	142,574	11,407	153,981
Salaries and benefits payable	25,043	10,435	35,478
Accrued interest payable	875	-	875
Deferred revenue			
Succeeding year property tax	2,773,987	-	2,773,987
Long-term liabilities			
Portion due within one year			
Revenue bonds payable	175,000	-	175,000
Termination benefits payable	38,768	-	38,768
Portion due after one year			
Compensated absences	16,811	-	16,811
Termination benefits payable	35,064	-	35,064
Net OPEB liability	114,529	-	114,529
Total liabilities	<u>3,322,651</u>	<u>21,842</u>	<u>3,344,493</u>

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT
Statement of Net Assets
June 30, 2011

Exhibit A

	Governmental <u>Activities</u>	Business Type <u>Activities</u>	<u>Total</u>
Net Assets			
Invested in capital assets, net of related debt	\$ 7,996,294	\$ 45,925	\$ 8,042,219
Restricted for			
Categorical funding	102,263	-	102,263
Management levy purposes	109,265	-	109,265
Physical plant and equipment	64,297	-	64,297
Debt service	411	-	411
Student activities	82,456	-	82,456
School infrastructure	190,256	-	190,256
Unrestricted	<u>2,464,246</u>	<u>147,339</u>	<u>2,611,585</u>
Total net assets	<u>\$ 11,009,488</u>	<u>\$ 193,264</u>	<u>\$11,202,752</u>

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT

Statement of Activities

For the Year Ended June 30, 2011

Exhibit B

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Interest	Contributions and Restricted	Governmental Activities	Business Type Activities	Total
Governmental activities							
Instruction							
Regular instruction	\$ 3,407,647	\$ 823,167	\$ 850,970	\$ -	\$ (1,733,510)	\$ -	\$ (1,733,510)
Special instruction	1,153,122	102,487	221,981	-	(828,654)	-	(828,654)
Other instruction	1,079,374	10,916	7,746	-	(1,060,712)	-	(1,060,712)
	5,640,143	936,570	1,080,697	-	(3,622,876)	-	(3,622,876)
Support services							
Student	306,293	-	-	-	(306,293)	-	(306,293)
Instructional staff	211,306	-	-	-	(211,306)	-	(211,306)
Administration	938,751	-	-	-	(938,751)	-	(938,751)
Operation and maintenance of plant	677,041	900	-	-	(676,141)	-	(676,141)
Transportation	327,738	7,222	343	-	(320,173)	-	(320,173)
	2,461,129	8,122	343	-	(2,452,664)	-	(2,452,664)
	183,096	-	-	-	(183,096)	-	(183,096)
Non-instructional programs							
Other expenses							
Facilities acquisition	59,190	-	-	-	(59,190)	-	(59,190)
Long-term debt interest	4,770	-	-	-	(4,770)	-	(4,770)
AEA flowthrough	331,288	-	331,288	-	-	-	-
Loss on disposal of capital assets	2,276	-	-	-	(2,276)	-	(2,276)
Depreciation (unallocated) *	310,592	-	-	-	(310,592)	-	(310,592)
	708,116	-	331,288	-	(376,828)	-	(376,828)
	8,992,484	944,692	1,412,328	-	(6,635,464)	-	(6,635,464)
Total governmental activities							

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2011

Exhibit B

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Operating Grants, Capital Grants, Contributions and Restricted Interest			Governmental Activities	Business Type Activities	Total
	Charges for Services	Interest	Interest			
Functions/Programs (continued)						
Business type activities						
Non-instructional programs						
Food service operations	\$ 368,539	\$ 220,102	\$ 158,671	\$ -	\$ 10,234	\$ 10,234
Latchkey program	81,341	91,674	-	-	10,333	10,333
Swimming pool	152,026	174,307	-	-	22,281	22,281
FFA farm program	33,135	40,864	-	-	7,729	7,729
Total business type activities	635,041	526,947	158,671	-	50,577	50,577
Total	<u>\$ 9,627,525</u>	<u>\$ 1,471,639</u>	<u>\$ 1,570,999</u>	<u>\$ -</u>	<u>50,577</u>	<u>(6,584,887)</u>
General Revenues						
Property tax levied for						
General purposes				3,065,932	-	3,065,932
Capital outlay				66,368	-	66,368
Statewide sales, services and use tax				536,760	-	536,760
Unrestricted state grants				3,274,385	-	3,274,385
Contributions and donations				21,775	-	21,775
Unrestricted investment earnings				26,833	1,287	28,120
Other				144,353	-	144,353
Total general revenues				<u>7,136,406</u>	<u>1,287</u>	<u>7,137,693</u>
Change in net assets				500,942	51,864	552,806
Net assets, beginning of year				10,508,546	141,400	10,649,946
Net assets, end of year				<u>\$ 11,009,488</u>	<u>\$ 193,264</u>	<u>\$ 11,202,752</u>

* This amount excludes the depreciation included in the direct expenses of the various programs.

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT

Exhibit C

Balance Sheet
Governmental Funds
June 30, 2011

	Nonmajor Governmental		
	<u>General</u>	<u>Funds</u>	<u>Total</u>
Assets			
Cash and pooled investments	\$1,750,585	\$409,887	\$2,160,472
Receivables			
Property tax			
Delinquent	30,514	2,160	32,674
Succeeding year	2,530,491	243,496	2,773,987
Accounts receivable	813	65	878
Income surtax	340,066	-	340,066
Due from other governments	179,735	112,103	291,838
Due from other fund	976	-	976
Total assets	<u>\$4,833,180</u>	<u>\$767,711</u>	<u>\$5,600,891</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 140,411	\$ 2,163	\$ 142,574
Salaries and benefits payable	19,885	-	19,885
Due to other fund	-	660	660
Deferred revenue			
Succeeding year property tax	2,530,491	243,496	2,773,987
Income surtax	340,066	-	340,066
Other	105,747	-	105,747
Total liabilities	<u>3,136,600</u>	<u>246,319</u>	<u>3,382,919</u>
Fund balances			
Restricted for			
Categorical funding	102,263	-	102,263
Student activities	-	82,456	82,456
Management levy purposes	-	183,097	183,097
School infrastructure	-	190,256	190,256
Physical plant and equipment	-	64,297	64,297
Debt service	-	1,286	1,286
Unassigned	1,594,317	-	1,594,317
Total fund balances	<u>1,696,580</u>	<u>521,392</u>	<u>2,217,972</u>
Total liabilities and fund balances	<u>\$4,833,180</u>	<u>\$767,711</u>	<u>\$5,600,891</u>

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets
June 30, 2011

Exhibit D

Total fund balances of governmental funds	\$ 2,217,972
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**Amounts reported for governmental activities in the Statement of Net Assets
are different because:**

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	8,171,294
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Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	445,814
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Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(875)
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The Internal Service Fund is used by the District to charge the costs of the flex-benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in the governmental activities in the Statement of Net Assets.	555,455
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Long-term liabilities, including bonds and notes payable, compensated absences, other postemployment benefits and termination benefits are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(380,172)</u>
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Net assets of governmental activities	<u><u>\$11,009,488</u></u>
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WILTON COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011

Exhibit E

	<u>General</u>	Nonmajor Governmental <u>Funds</u>	<u>Total</u>
Revenues			
Local sources			
Local tax	\$2,935,974	\$ 723,496	\$3,659,470
Tuition	411,118	-	411,118
Other	242,505	287,802	530,307
State sources	4,204,129	103	4,204,232
Federal sources	447,969	-	447,969
Total revenues	<u>8,241,695</u>	<u>1,011,401</u>	<u>9,253,096</u>
Expenditures			
Current			
Instruction			
Regular	3,350,357	50,232	3,400,589
Special	1,144,315	-	1,144,315
Other	816,310	248,497	1,064,807
	<u>5,310,982</u>	<u>298,729</u>	<u>5,609,711</u>
Support services			
Student	303,467	-	303,467
Instructional staff	209,813	-	209,813
Administration	916,696	5,797	922,493
Operation and maintenance of plant	663,936	126,847	790,783
Transportation	241,972	99,200	341,172
	<u>2,335,884</u>	<u>231,844</u>	<u>2,567,728</u>
Non-instructional programs	<u>-</u>	<u>13,765</u>	<u>13,765</u>
Other expenditures			
Facilities acquisition	-	137,053	137,053
Long-term debt			
Principal	-	350,000	350,000
Interest and fiscal charges	-	4,278	4,278
AEA flowthrough	331,288	-	331,288
	<u>331,288</u>	<u>491,331</u>	<u>822,619</u>
Total expenditures	<u>7,978,154</u>	<u>1,035,669</u>	<u>9,013,823</u>

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011

Exhibit E

	<u>General</u>	Nonmajor Governmental <u>Funds</u>	<u>Total</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 263,541</u>	<u>\$ (24,268)</u>	<u>\$ 239,273</u>
Other financing sources (uses)			
Sale of equipment and materials	860	-	860
Interfund operating transfers in	-	354,278	354,278
Interfund operating transfers (out)	<u>-</u>	<u>(354,278)</u>	<u>(354,278)</u>
Total other financing sources (uses)	<u>860</u>	<u>-</u>	<u>860</u>
Net change in fund balances	264,401	(24,268)	240,133
Fund balance, beginning of year, as restated	<u>1,432,179</u>	<u>545,660</u>	<u>1,977,839</u>
Fund balance, end of year	<u><u>\$1,696,580</u></u>	<u><u>\$ 521,392</u></u>	<u><u>\$2,217,972</u></u>

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2011

Exhibit F

Net change in fund balances - total governmental funds \$240,133

**Amounts reported for governmental activities in the Statement of Activities
are different because:**

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures and depreciation expense are as follows:

Expenditures for capital assets	\$283,260	
Loss on disposal of capital assets	(3,136)	
Depreciation expense	<u>(427,506)</u>	(147,382)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 44,102

The Internal Service Fund is used by the District to charge the costs of the flex-benefit plan to individual funds. The change in net assets of the Internal Service Fund is reported with governmental activities. 29,066

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 350,000

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:

Early retirement	\$ 45,340	
Compensated absences	(808)	
Other postemployment benefits	<u>(59,017)</u>	(14,485)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. (492)

Change in net assets of governmental activities \$500,942

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT

Exhibit G

Statement of Net Assets

Proprietary Funds

June 30, 2011

	Business Type	Governmental
	<u>Activities</u>	<u>Activities</u>
	<u>Nonmajor</u>	<u>Internal</u>
	<u>Enterprise</u>	<u>Service</u>
Assets		
Cash and cash equivalents	\$153,076	\$560,930
Accounts receivable	7,937	-
Due from other governments	700	-
Inventories	7,468	-
Capital assets, net of accumulated depreciation	45,925	-
Total assets	<u>215,106</u>	<u>560,930</u>
Liabilities		
Accounts payable	11,407	-
Salaries and benefits payable	10,435	5,159
Due to other funds	-	316
Total liabilities	<u>21,842</u>	<u>5,475</u>
Net Assets		
Invested in capital assets	45,925	-
Unrestricted	147,339	555,455
Total net assets	<u>\$193,264</u>	<u>\$555,455</u>

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2011

Exhibit H

	Business Type	Governmental
	<u>Activities</u>	<u>Activities</u>
	<u>Nonmajor</u>	<u>Internal</u>
	<u>Enterprise</u>	<u>Service</u>
Operating revenue		
Local sources		
Charges for service	\$486,083	\$ 196,007
Sale of product	40,864	-
Total operating revenue	<u>526,947</u>	<u>196,007</u>
Operating expenses		
Support services		
Administration	5,296	-
Operation and maintenance of plant	70,952	-
Transportation	55	-
Non-instructional programs	558,738	167,161
Total operating expenses	<u>635,041</u>	<u>167,161</u>
Operating income (loss)	<u>(108,094)</u>	<u>28,846</u>
Non-operating revenues		
Interest income	1,287	220
State sources	3,255	-
Federal sources	155,416	-
Total non-operating revenues	<u>159,958</u>	<u>220</u>
Net income	51,864	29,066
Net assets, beginning of year	<u>141,400</u>	<u>526,389</u>
Net assets, end of year	<u>\$193,264</u>	<u>\$ 555,455</u>

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011

Exhibit I

	Business Type Activities	Governmental Activities
	<u>Nonmajor Enterprise</u>	<u>Internal Service</u>
Cash flows from operating activities		
Cash received from sale of services	\$ 485,017	\$ 196,007
Cash received from other operations	38,664	-
Cash payments to employees for services	(357,774)	(168,122)
Cash payments to suppliers for goods and services	(239,361)	-
Net cash provided by (used in) operating activities	<u>(73,454)</u>	<u>27,885</u>
Cash flows from non-capital financing activities		
Repayment of loans	(8,000)	-
State grants received	3,255	-
Federal grants received	134,097	-
Net cash provided by non-capital financing activities	<u>129,352</u>	<u>-</u>
Cash flows from capital and related financing activities		
Acquisition of capital assets	(6,361)	-
Cash flows from investing activities		
Interest on investments	1,287	220
Net increase in cash and cash equivalents	50,824	28,105
Cash and cash equivalents, beginning of year	102,252	532,825
Cash and cash equivalents, end of year	<u>\$ 153,076</u>	<u>\$ 560,930</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities		
Operating income (loss)	\$ (108,094)	\$ 28,846
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	5,406	-
Commodities used	21,319	-
Decrease in accounts receivable	(3,907)	-
(Increase) in due from other governments	31	-
(Increase) in inventory	2,028	-
(Decrease) in accounts payable	7,199	(5,832)
(Decrease) in due to other funds	-	(287)
Increase in accrued salaries and benefits	2,564	5,158
Net cash provided by (used in) operating activities	<u>\$ (73,454)</u>	<u>\$ 27,885</u>

Non-cash investing, capital and financing activities

During the year ended June 30, 2011 the District received \$21,319 of federal commodities.

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT
Statement of Fiduciary Net Assets
Fiduciary Fund
June 30, 2011

Exhibit J

	<u>Agency</u>
Assets	
Cash and pooled investments	\$57,392
Accounts receivable	<u>110</u>
Total assets	57,502
 Liabilities	
Due to others	<u>57,502</u>
 Net assets	
Reserved for scholarships	<u><u>\$ -</u></u>

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2011

Note 1. Summary of Significant Accounting Policies

The Wilton Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the City of Wilton, Iowa, and the agricultural territory in Cedar and Muscatine Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Wilton Community School District has included all funds, organizations, agencies, boards, commissions, and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the District. The Wilton Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental fund:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The District reports no major proprietary funds. However, the District reports four nonmajor enterprise funds, School Nutrition Fund, FFA Farm Fund, Swimming Pool Fund and Latchkey Fund and two internal service funds, which are utilized for partially self-funded employee health insurance benefits and the District's flex-benefit program.

The District also reports a fiduciary fund which focuses on net assets and changes in net assets. The District's fiduciary fund consists of the following:

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement or results of operations.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, compensated absences and termination benefits are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

The proprietary funds of the District applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and

delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds are charges to customers for sales and services and sales of crop. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value, except for the investment in the Iowa Schools Joint Investment Trust, which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

The Iowa Schools Joint Investment Trust is a common law trust established under Iowa law and is administered by an appointed investment management company. The fair value of the position in the trust is the same as the value of the shares.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current year and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2010.

Due From Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 2,500
Buildings	\$ 2,500
Improvements other than buildings	\$ 2,500
Intangibles	\$25,000
Furniture and equipment:	
School Nutrition Fund equipment	\$ 500
Other furniture and equipment	\$ 2,500

Capital assets are depreciated using the straight line method of depreciation over the following estimated useful lives:

<u>Asset Class</u>	<u>Useful Life</u>
Buildings & Improvements	50 years
Improvements other than buildings	20-50 years
Intangibles	5-10 years
Furniture and equipment	5-15 years

Salaries and Benefits Payable - Payroll and related expenditures associated with hourly employees for work performed in June but not paid until July, have been accrued as liabilities.

Termination Benefits - District employees meeting certain requirements are eligible for early retirement benefits. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only for employees that have resigned or retired. The early retirement liability has been computed based on rates of pay in effect at June 30, 2011. The early retirement liability attributable to the governmental activities will be paid primarily from the Management Fund.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for

these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2011. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent federal grant proceeds, property tax and income surtax receivables not collected within sixty days after year end.

Deferred revenue on the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Long-term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Balance - In the governmental fund financial statements, fund balances are classified as follows:

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned - All amounts not included in other spendable classifications.

Net Assets - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets net of accumulated depreciation, reduced by any outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the District first applies restricted resources.

Net assets restricted through enabling legislation include \$109,265 for management levy purposes, \$64,297 for physical plant and equipment, \$411 for debt service, \$82,456 for student activities and \$190,256 for school infrastructure.

E. Budgeting and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

F. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2011 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2011, the District had investments in the Iowa Schools Joint Investment Trust Diversified Portfolio which are valued at an amortized cost of \$262,241 pursuant to Rule 2a-7 under the Investment Company Act of 1940. ISJIT is registered with and regulated by the Securities and Exchange Commission.

Credit risk. The investments in the Iowa Schools Joint Investment Trust were rated Aaa by Moody's Investors Service.

Note 3. Due From and Due To Other Funds

The details of interfund receivables and payables at June 30, 2011 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
	Non-major special revenue fund	
General	Student activity fund	\$ 660
	Non-major proprietary fund	
General	Internal service fund	<u>316</u>
		<u>\$ 976</u>

This interfund payable from the Student Activity to the General Fund is for bus usage during fiscal 2011 that was unpaid at June 30, 2011 and the payable from the Internal Service Fund to the General Fund is for reimbursement of expenses. The balances will be repaid during the year ending June 30, 2011.

Note 4. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2011 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Nonmajor governmental Debt Service	Nonmajor capital projects Statewide Sales, Services and Use Tax	\$ 354,278

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources. The transfer from the Statewide Sales, Services and Use Tax Fund to the Debt Service Fund was to make principal and interest payments on debt.

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2011 was as follows:

	Balance, Beginning of Year	Additions	Deletions	Balance, End of Year
<u>Governmental activities</u>				
Capital assets not being depreciated:				
Land	\$ 125,211	\$ -	\$ -	\$ 125,211
Capital assets being depreciated:				
Buildings and improvements	13,995,005	92,351	-	14,087,356
Improvements other than buildings	1,559,508	32,735	-	1,592,243
Furniture and equipment	1,543,397	158,174	(108,063)	1,593,508
Total capital assets being depreciated	17,097,910	283,260	(108,063)	17,273,107
Less accumulated depreciation for:				
Buildings and improvements	7,097,871	248,660	-	7,346,531
Improvements other than buildings	750,567	53,996	-	804,563
Furniture and equipment	1,056,007	124,850	(104,927)	1,075,930
Total accumulated depreciation	8,904,445	427,506	(104,927)	9,227,024
Total capital assets being depreciated, net	8,193,465	(144,246)	(3,136)	8,046,083
Governmental activities capital assets, net	\$8,318,676	\$(144,246)	\$ (3,136)	\$8,171,294
<u>Business type activities</u>				
Furniture and equipment	\$ 232,876	\$ 6,361	\$ (22,229)	\$ 217,008
Less accumulated depreciation	(183,389)	(5,405)	17,711	(171,083)
Business type activities capital assets, net	\$ 49,487	\$ 956	\$ (4,518)	\$ 45,925

Depreciation expense was charged to the following functions:

Governmental activities

Instruction	
Regular	\$ 28,397
Other	6,372
Support services	
Administration	8,474
Operation and maintenance of plant	4,462
Transportation	<u>69,209</u>
	116,914
Unallocated depreciation	<u>310,592</u>
Total governmental activities depreciation expense	<u>\$ 427,506</u>

Business type activities

Food services	\$ 3,190
Latchkey program	171
Swimming pool	759
FFA farm	<u>1,285</u>
Total business type activities depreciation expense	<u>\$ 5,405</u>

Note 6. Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2011 are summarized as follows:

	Balance, Beginning <u>of Year</u>	<u>Additions</u>	<u>Reductions</u>	Balance, End <u>of Year</u>	Due Within <u>One Year</u>
Revenue bonds	\$ 525,000	\$ -	\$(350,000)	\$175,000	\$175,000
Compensated absences	16,002	16,811	(16,002)	16,811	-
Termination benefits	119,172	-	(45,340)	73,832	38,768
Net OPEB liability	<u>55,512</u>	<u>59,017</u>	<u>-</u>	<u>114,529</u>	<u>-</u>
Totals	<u>\$ 715,686</u>	<u>\$ 75,828</u>	<u>\$(411,342)</u>	<u>\$380,172</u>	<u>\$213,768</u>

Interest costs incurred and charged to expense on all long-term debt was \$4,770 for the year ended June 30, 2011. During the year ended June 30, 2011, the District made principal payments on total long-term debt of \$350,000.

Revenue Bonds

Details of the District's June 30, 2011 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year	Bond issue of June 1, 2010			
Ending	Interest			
<u>June 30,</u>	<u>Rates</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2012	.75-1%	\$2,406	\$350,000	\$352,406

The District has pledged future statewide sales, services and use tax revenues to repay the \$525,000 bonds issued June 1, 2010. The bond proceeds were used to pay off the interest and principal on the 2008 bond issue. The bonds require semiannual interest and principal payments beginning January 1, 2010. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2012. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require approximately 66 percent of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid is \$352,406. For the current year, there was no principal or interest paid on the bonds and total statewide sales, services and use tax revenues were \$536,760.

The resolution providing for the issuance of the 2010 statewide sales, services and use tax revenue bonds did not have any restrictive provisions.

Termination Benefits

The District offers a voluntary early retirement plan to its certified employees. Eligible employees are required to be at least 55 years of age and have completed 15 years of consecutive service to the District. Employees must complete an application, which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee is equal to 30% of the last three years base salary plus \$50 per day for unused sick leave days. The benefit is paid over a three year period beginning in January of the year following early retirement.

At June 30, 2011, the District had obligations to seven participants with a total liability of \$73,832. Actual early retirement expenditures for the year ended June 30, 2011 totaled \$45,340.

Note 7. Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, IA, 50306-9117.

Plan members were required to contribute 4.5%, 4.30% and 4.10% of their annual covered salary and the District was required to contribute 6.95%, 6.65% and 6.35% of annual covered payroll for the years ended June 30, 2011, 2010 and 2009 respectively. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2011, 2010 and 2009 were \$334,834, \$329,989 and \$310,364, respectively, equal to the required contributions for each year.

Note 8. Other Postemployment Benefits (OPEB)

Plan Description – The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 102 active, of which 2 were excluded from the valuation because they were over the age of 65, and one retired member in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy – The contribution requirements of the plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2011, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 62,129
Interest on net OPEB obligation	1,388
Adjustment to annual required contribution	<u>(4,500)</u>
Annual OPEB cost	59,017
Contributions made	<u>-</u>
Increase in net OPEB obligation	59,017
Net OPEB obligation beginning of year	<u>55,512</u>
Net OPEB obligation end of year	<u><u>\$ 114,529</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2011.

For the year ended June 30, 2011, the District made no contributions to the medical plan. Plan members eligible for benefits contributed nothing to the medical plan.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2011 are summarized as follows:

<u>Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2010	\$ 57,205	3.0%	\$ 55,512
2011	59,017	0.0%	\$ 114,529

Funded Status and Funding Progress – As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2010, the actuarial accrued liability was \$522,974, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$522,974. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$4.7 million and the ratio of UAAL to covered payroll was 11.2%. As of June 30, 2011, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information in the section following the Notes to Financial Statements will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of July 1, 2009 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%. The ultimate medical trend rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Note 9. Risk Management

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 10. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media, and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$331,288 adjusting entry to the cash basis financial statements.

Note 11. Self-funded Health Insurance

The District utilizes a self-insurance fund which is used for a partial self-funding of a medical insurance deductible and out-of-pocket expense buy-down, a fully-self funded dental plan with a third party administrator, and a fully-self funded vision plan. For medical insurance the district purchases a \$750 deductible with a \$1,500 out-of-pocket maximum through the Iowa Star Schools plan which is fully loaded through a BC/BS of Iowa plan. The district buys down the deductible to \$250 with an out-of-pocket maximum of \$1,000. The funding for this portion of Self-Insurance Fund comes from the difference in premiums. The district expenses out the \$250 deductible plans, but only pays BC/BS for the \$750 deductible plan. For the dental insurance the district hires Employee Benefit Systems out of Burlington, Iowa as a third party administrator for all dental claims. The funding for this portion of the Self-Insurance Fund comes directly from premiums expensed. For the vision insurance the district processes all claims in the Central Office as we have fixed amounts for each area of coverage which makes claims processing simple and straightforward. The funding for this portion of the Self-Insurance Fund comes directly from premiums expensed. Funds for all three self-insured plans are kept locally in one account separate from all others.

The Flexible Spending Fund is used for the section 125 plan for medical expenses and dependent care expenses. The funds are kept locally in a separate account, but all claims are processed through Employee Benefit Systems in Burlington, Iowa.

At June 30, 2011, the District had accumulated an excess of \$555,455 in its Internal Service Funds to cover employee health care and section 125 claims. Also, the District continues to fund this plan by depositing premiums into the account on a monthly basis. The District's deposits into this fund have exceeded claims paid from the fund during the years ended June 30,

2011, 2010, 2009, 2008, 2007 and 2006. All submitted claims had been paid or accrued at June 30, 2011. The District does not expect claims to exceed monies available in the fund during the year ending June 30, 2011. The District is contingently liable for any claims in excess of funds available at June 30, 2011.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an estimated amount for claims that have been incurred but not reported (IBNR) which represent estimates of the eventual loss on claims arising prior to year-end. Claims liabilities are reported in the financial statements in other current liabilities. Changes in the balances of claims liabilities during the past two fiscal years are as follows:

	Year Ended June 30,	
	2011	2010
Unpaid claims, beginning of year	\$ 5,832	\$ 6,829
Current year claims and changes in estimates	166,804	171,089
Claim payments	<u>(167,161)</u>	<u>(172,086)</u>
Unpaid claims, end of year	<u>\$ 5,475</u>	<u>\$ 5,832</u>

Note 12. Contingencies

Grant Funding - The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants were subjected to local audit but still remain open to audit by the appropriate grantor government. If expenditures are disallowed by the grantor government due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2011, significant amounts of grant expenditures have not been audited by granting authorities but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

Insurance Plan - As discussed in Note 11, the District is contingently liable for any unreported claim or assessment in excess of their balance in the Internal Service Insurance Fund.

Note 13. Related Party Transactions

During the year ended June 30, 2011, the District had business transactions between the District and District officials totaling \$16,556.

Note 14. Categorical Funding

The District's restricted fund balance for categorical funding at June 30, 2011 is comprised of the following programs:

Program

Gifted and Talented	\$ 12,558
Returning dropout and dropout prevention program	49,371
Teacher salary supplement	136
Textbook aid for nonpublic students	745
Iowa conservation education grant	350
School ready children grant	553
Educator quality, professional development for model core curriculum	23,647
Educator quality, professional development	12,919
Educator quality, market factor incentives	<u>1,984</u>
	<u>\$102,263</u>

Note 15. Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented during the year ended June 30, 2011. The effect of fund type reclassifications is as follows:

	<u>Capital Projects</u>	<u>Special Revenue</u>
	<u>Physical Plant and Equipment Levy</u>	<u>Physical Plant and Equipment Levy</u>
Balances June 30, 2010, as previously reported	\$ -	\$ 115,690
Change in fund type classification per implementation of GASB Statement No. 54	<u>115,690</u>	<u>(115,690)</u>
Balances July 1, 2010, as restated	<u>\$ 115,690</u>	<u>\$ -</u>

Note 16. New Governmental Accounting Standards Board (GASB) Statements

During the year ended June 30, 2011, the District implemented the following GASB statements:

- GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement improves the usefulness of information provided to financial

report users about fund balances by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types. Fund balance information is among the most widely and frequently used information in state and local government financial reports. The GASB developed this standard to address the diversity of practice and the resulting lack of consistency that had evolved in fund balance reporting. To reduce confusion, the new standard establishes a hierarchy of fund balance classification based primarily on the extent to which a government is bound to observe spending constraints. The District reclassified the fund balances for all governmental funds as a result of the implementation of this Statement.

- GASB Statement No. 59, *Financial Instruments Omnibus*. This Statement updates and improves existing standards regarding financial reporting of certain financial instruments and external investments pools. Specifically, this Statement provides financial reporting guidance by emphasizing the applicability of SEC requirements to certain external investments pool, addressing the applicability of GASB 53, *Accounting and Financial Reporting for Derivative Instruments*, and applying the reporting provisions for interest-earning investment contracts of GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investments Pools*.

As of June 30, 2011, the GASB had issued several Statements not yet implemented by the District. The Statements which might impact the District are as follows:

- GASB Statement No. 57 OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, an amendment of GASB Statement No. 43 and No. 45, issued January 2010, will be effective for the District beginning with its year ending June 30, 2012. This Statement addresses issues related to measurement of OPEB obligations by certain employers participating in agent multiple-employer OPEB plans.
- GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, issued November 2010, will be effective for the District beginning with its year ending June 30, 2013. This Statement is intended to improve the financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. Specifically, this Statement improves financial reporting by establishing recognition, measurement, and disclosure requirements SCAs for both transferors and government operators, requiring governments to account for and report SCAs in the same manner, which improves the comparability of financial statements. This Statement also improves the decision usefulness of financial reporting by requiring that specific relevant disclosures be made by transferors and governmental operators about SCAs.
- GASB Statement No. 61, *The Financial Reporting Entity: Omnibus* an amendment of GASB Statements No. 14 and No. 34, issued November 2010, will be effective for the District beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting for a governmental financial reporting entity by improving

guidance for including, presenting and disclosing information about component units and equity interest transactions of a financial reporting entity. The amendments to the criteria for including component units allow users of financial statement to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. The amendments to the criteria for blending also improve the focus of a financial reporting entity on the primary government by ensuring that the primary government includes only those component units that are so intertwined with the primary government that they are essentially the same as the primary government, and by clarifying which component units have that characteristic.

- GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, issued January 2011, will be effective for the District beginning with its year ending June 30, 2013. This Statement is intended to enhance the usefulness of the Codification of Governmental Accounting and Financial Reporting Standards by incorporating guidance that previously could only be found in certain FASB and AICPA pronouncements. This Statement incorporates into the GASB's authoritative literature the applicable guidance previously presented in the following pronouncement issued before November 30, 1989: FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the AICPA's Committee on Accounting Procedure. By incorporating and maintaining this guidance in a single source, the GASB believes that GASB 62 reduces the complexity of locating and using authoritative literature needed to prepare state and local government financial reports.
- GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, issued July 2011, will be effective for the District beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting by providing citizens and other users of state and local government financial reports with information about how past transactions will continue to impact a government's financial statement in the future. This Statement provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities deferred inflows of resources, and net position (which is the net residual amount of the other elements). The Statement requires that deferred outflows of resources and deferred inflows of resources be reported separately from assets and liabilities. This Statement also amends certain provisions of Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, and related pronouncements to reflect the residual measure in the statement of financial position as net position, rather than net assets.
- GASB Statement No. 64, Derivative Instruments: Application of Hedge Accounting Termination Provisions (an amendment of GASB Statement No. 53), issued July 2011, will be effective for the District beginning with its year ending June 30, 2012. This Statement clarifies that when certain conditions are met, the use of hedge accounting

should not be terminated. Those conditions are: (a) the collectability of swap payments is considered to be probable, (b) the replacement of the counterparty or credit support provider meets the criteria of an assignment or in-substance assignment as described in the Statement, and (c) the counterparty or counterparty credit support provider (and not the government) has committed the act of default or termination event. When all of these conditions exist, the GASB believes that the hedging relationship continues and hedge accounting should continue to be applied.

The District's management has not yet determined the effect these Statements will have on the District's financial statements.

Required Supplementary Information

WILTON COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual
All Governmental Funds and Proprietary Funds
Required Supplementary Information
For the Year Ended June 30, 2011

	Governmental Funds <u>Actual</u>	Proprietary Funds <u>Actual</u>	Total <u>Actual</u>	Budgeted Amounts <u>Original</u> <u>Final</u>	Final to Actual Variance
Revenues					
Local sources	\$4,600,895	\$528,234	\$5,129,129	\$5,001,101	\$128,028
State sources	4,204,232	3,255	4,207,487	4,558,438	(350,951)
Federal sources	447,969	155,416	603,385	378,074	225,311
Total revenues	<u>9,253,096</u>	<u>686,905</u>	<u>9,940,001</u>	<u>9,937,613</u>	<u>2,388</u>
Expenditures/Expenses					
Instruction	5,609,711	-	5,609,711	5,641,000	31,289
Support services	2,567,728	76,303	2,644,031	2,983,100	339,069
Non-instructional programs	13,765	558,738	572,503	623,489	50,986
Other expenditures	822,619	-	822,619	971,719	149,100
Total expenditures/expenses	<u>9,013,823</u>	<u>635,041</u>	<u>9,648,864</u>	<u>10,219,308</u>	<u>570,444</u>
Excess (deficiency) of revenues over (under) expenditures	239,273	51,864	291,137	(281,695)	572,832
Net other financing sources	<u>860</u>	<u>-</u>	<u>860</u>	<u>2,000</u>	<u>(1,140)</u>
Net change in fund balance	240,133	51,864	291,997	(279,695)	571,692
Balance, beginning of year	1,977,839	141,400	2,119,239	1,967,876	151,363
Balance, end of year	<u>\$2,217,972</u>	<u>\$193,264</u>	<u>\$2,411,236</u>	<u>\$1,688,181</u>	<u>\$723,055</u>

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
Notes to Required Supplementary Information – Budgetary Reporting
For the Year Ended June 30, 2011

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Internal Service, Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District did not amend its certified budget.

WILTON COMMUNITY SCHOOL DISTRICT
Schedule of Funding Progress for the
Retiree Health Plan
Required Supplementary Information

<u>Year Ended June 30,</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
2010	July 1, 2009	\$ -	\$522,974	\$522,974	\$ -	\$ 5,108,427	10.2%
2010	July 1, 2009	\$ -	\$522,974	\$522,974	\$ -	\$ 4,676,334	11.2%

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

Other Supplementary Information

WILTON COMMUNITY SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011

Schedule 1

	<u>Special Revenue</u>		<u>Capital Projects</u>			
	<u>Student Activity</u>	<u>Management Levy</u>	<u>Statewide Sales, Services and Use Tax</u>	Physical	<u>Debt Service</u>	<u>Total</u>
				<u>Plant and Equipment Levy</u>		
Assets						
Cash and pooled investments	\$84,524	\$181,670	\$ 78,870	\$ 63,537	\$1,286	\$ 409,887
Receivables						
Property tax						
Delinquent	-	1,409	-	751	-	2,160
Succeeding year	-	175,000	-	68,496	-	243,496
Accounts receivable	65	-	-	-	-	65
Due from other governments	630	18	111,446	9	-	112,103
Total assets	<u>\$85,219</u>	<u>\$358,097</u>	<u>\$ 190,316</u>	<u>\$132,793</u>	<u>\$1,286</u>	<u>\$ 767,711</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 2,103	\$ -	\$ 60	\$ -	\$ -	\$ 2,163
Due to other funds	660	-	-	-	-	660
Deferred revenue						
Succeeding year property tax	-	175,000	-	68,496	-	243,496
Total liabilities	<u>2,763</u>	<u>175,000</u>	<u>60</u>	<u>68,496</u>	<u>-</u>	<u>246,319</u>
Fund balances						
Restricted for						
Student activities	82,456	-	-	-	-	82,456
Management levy purposes	-	183,097	-	-	-	183,097
School infrastructure	-	-	190,256	-	-	190,256
Physical plant and equipment	-	-	-	64,297	-	64,297
Debt service	-	-	-	-	1,286	1,286
Total fund balances	<u>82,456</u>	<u>183,097</u>	<u>190,256</u>	<u>64,297</u>	<u>1,286</u>	<u>521,392</u>
Total liabilities and fund balances	<u>\$85,219</u>	<u>\$358,097</u>	<u>\$ 190,316</u>	<u>\$132,793</u>	<u>\$1,286</u>	<u>\$ 767,711</u>

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2011

Schedule 2

	<u>Special Revenue</u>		<u>Capital Projects</u>			
	<u>Student</u>	<u>Management</u>	<u>Statewide</u>	<u>Physical</u>	<u>Debt</u>	
	<u>Activity</u>	<u>Levy</u>	<u>Sales, Services</u>	<u>Plant and</u>	<u>Service</u>	<u>Total</u>
			<u>and Use Tax</u>	<u>Equipment</u>		
				<u>Levy</u>		
Revenues						
Local sources						
Local tax	\$ -	\$120,404	\$ 536,760	\$ 66,332	\$ -	\$ 723,496
Other	276,282	5,990	4,913	601	16	287,802
State sources	-	68	-	35	-	103
Total revenues	<u>276,282</u>	<u>126,462</u>	<u>541,673</u>	<u>66,968</u>	<u>16</u>	<u>1,011,401</u>
Expenditures						
Current						
Instruction						
Regular	-	50,232	-	-	-	50,232
Other	247,497	1,000	-	-	-	248,497
Total instruction	<u>247,497</u>	<u>51,232</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>298,729</u>
Support services						
Administration	1,600	4,197	-	-	-	5,797
Operation and maintenance of plant	3,703	42,942	47,957	32,245	-	126,847
Transportation	5,229	12,028	-	81,943	-	99,200
Total support services	<u>10,532</u>	<u>59,167</u>	<u>47,957</u>	<u>114,188</u>	<u>-</u>	<u>231,844</u>
Non-instructional programs	<u>-</u>	<u>13,765</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,765</u>
Other expenditures						
Facilities acquisition	-	-	132,880	4,173	-	137,053
Long-term debt						
Principal	-	-	-	-	350,000	350,000
Interest and fiscal charges	-	-	-	-	4,278	4,278
Total other expenditures	<u>-</u>	<u>-</u>	<u>132,880</u>	<u>4,173</u>	<u>354,278</u>	<u>491,331</u>
Total expenditures	<u>258,029</u>	<u>124,164</u>	<u>180,837</u>	<u>118,361</u>	<u>354,278</u>	<u>1,035,669</u>
Excess (deficiency) of revenues over						
(under) expenditures	18,253	2,298	360,836	(51,393)	(354,262)	(24,268)
Other financing sources						
Interfund operating transfers in	-	-	-	-	354,278	354,278
Interfund operating transfers (out)	-	-	(354,278)	-	-	(354,278)
Total other financing sources	<u>-</u>	<u>-</u>	<u>(354,278)</u>	<u>-</u>	<u>354,278</u>	<u>-</u>
Net change in fund balances	18,253	2,298	6,558	(51,393)	16	(24,268)
Fund balances, beginning of year, as restated	64,203	180,799	183,698	115,690	1,270	545,660
Fund balances, end of year	<u>\$ 82,456</u>	<u>\$183,097</u>	<u>\$ 190,256</u>	<u>\$ 64,297</u>	<u>\$ 1,286</u>	<u>\$ 521,392</u>

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2011

Schedule 3

	School <u>Nutrition</u>	Latchkey	Swimming <u>Pool</u>	FFA <u>Farm</u>	<u>Total</u>
Assets					
Cash and cash equivalents	\$ 86,368	\$19,920	\$35,921	\$ 10,867	\$153,076
Accounts receivable	50	5,401	286	2,200	7,937
Due from other governments	-	700	-	-	700
Inventories	7,468	-	-	-	7,468
Capital assets, net of accumulated depreciation	<u>23,319</u>	<u>9,554</u>	<u>4,092</u>	<u>8,960</u>	<u>45,925</u>
Total assets	<u>117,205</u>	<u>35,575</u>	<u>40,299</u>	<u>22,027</u>	<u>215,106</u>
Liabilities					
Accounts payable	-	-	3,410	7,997	11,407
Salaries and benefits payable	<u>738</u>	<u>4,010</u>	<u>5,687</u>	<u>-</u>	<u>10,435</u>
Total liabilities	<u>738</u>	<u>4,010</u>	<u>9,097</u>	<u>7,997</u>	<u>21,842</u>
Net Assets					
Invested in capital assets	23,319	9,554	4,092	8,960	45,925
Unrestricted	<u>93,148</u>	<u>22,011</u>	<u>27,110</u>	<u>5,070</u>	<u>147,339</u>
Total net assets	<u>\$116,467</u>	<u>\$31,565</u>	<u>\$31,202</u>	<u>\$ 14,030</u>	<u>\$193,264</u>

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Year Ended June 30, 2011

Schedule 4

	School <u>Nutrition</u>	<u>Latchkey</u>	Swimming <u>Pool</u>	FFA <u>Farm</u>	<u>Total</u>
Operating revenue					
Local sources					
Charges for service	\$ 220,102	\$ 91,674	\$174,307	\$ -	\$ 486,083
Sale of product	-	-	-	40,864	40,864
Total operating revenue	<u>220,102</u>	<u>91,674</u>	<u>174,307</u>	<u>40,864</u>	<u>526,947</u>
Operating expenses					
Support services					
Administration					
Benefits	-	250	367	-	617
Purchased services	50	948	950	-	1,948
Supplies	1,232	-	-	-	1,232
Miscellaneous	-	210	-	-	210
Interest	-	-	1,144	145	1,289
	<u>1,282</u>	<u>1,408</u>	<u>2,461</u>	<u>145</u>	<u>5,296</u>
Operation and maintenance of plant					
Purchased services	3,596	-	20,651	-	24,247
Supplies	51	2,055	33,755	8,628	44,489
Depreciation	-	171	760	1,285	2,216
	<u>3,647</u>	<u>2,226</u>	<u>55,166</u>	<u>9,913</u>	<u>70,952</u>
Transportation					
Salaries	-	47	-	-	47
Benefits	-	8	-	-	8
	<u>-</u>	<u>55</u>	<u>-</u>	<u>-</u>	<u>55</u>
Total support services	<u>4,929</u>	<u>3,689</u>	<u>57,627</u>	<u>10,058</u>	<u>76,303</u>
Non-instructional programs					
Salaries	139,258	60,119	76,504	-	275,881
Benefits	51,185	12,484	14,988	-	78,657
Purchased services	-	20	42	899	961
Supplies	165,459	5,029	2,865	22,178	195,531
Miscellaneous	4,518	-	-	-	4,518
Depreciation	3,190	-	-	-	3,190
	<u>363,610</u>	<u>77,652</u>	<u>94,399</u>	<u>23,077</u>	<u>558,738</u>
Total operating expenses	<u>368,539</u>	<u>81,341</u>	<u>152,026</u>	<u>33,135</u>	<u>635,041</u>

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Year Ended June 30, 2011

Schedule 4

	<u>School Nutrition</u>	<u>Latchkey</u>	<u>Swimming Pool</u>	<u>FFA Farm</u>	<u>Total</u>
Operating income (loss)	\$(148,437)	\$ 10,333	\$ 22,281	\$ 7,729	\$(108,094)
Non-operating revenue					
Interest income	771	193	172	151	1,287
State sources	3,255	-	-	-	3,255
Federal sources	155,416	-	-	-	155,416
Total non-operating revenue	<u>159,442</u>	<u>193</u>	<u>172</u>	<u>151</u>	<u>159,958</u>
Net income	11,005	10,526	22,453	7,880	51,864
Net assets, beginning of year	<u>105,462</u>	<u>21,039</u>	<u>8,749</u>	<u>6,150</u>	<u>141,400</u>
Net assets, end of year	<u>\$ 116,467</u>	<u>\$ 31,565</u>	<u>\$ 31,202</u>	<u>\$ 14,030</u>	<u>\$ 193,264</u>

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2011

Schedule 5

	School <u>Nutrition</u>	Latchkey	Swimming <u>Pool</u>	FFA <u>Farm</u>	<u>Total</u>
Cash flows from operating activities					
Cash received from sale of services	\$ 222,096	\$88,819	\$ 174,102	\$ -	\$ 485,017
Cash received from other operations	-	-	-	38,664	38,664
Cash payments to employees for services	(190,547)	(76,208)	(91,019)	-	(357,774)
Cash payments to suppliers for goods and services	(147,191)	(8,262)	(57,719)	(26,189)	(239,361)
Net cash provided by (used in) operating activities	<u>(115,642)</u>	<u>4,349</u>	<u>25,364</u>	<u>12,475</u>	<u>(73,454)</u>
Cash flows from non-capital financing activities					
Repayments of loans	-	-	-	(8,000)	(8,000)
State grants received	3,255	-	-	-	3,255
Federal grants received	134,097	-	-	-	134,097
Net cash provided by (used in) non-capital financing activities	<u>137,352</u>	<u>-</u>	<u>-</u>	<u>(8,000)</u>	<u>129,352</u>
Cash flows from capital and related financing activities					
Acquisition of capital assets	<u>(4,000)</u>	<u>-</u>	<u>(2,361)</u>	<u>-</u>	<u>(6,361)</u>
Cash flows from investing activities					
Interest on investments	<u>771</u>	<u>193</u>	<u>172</u>	<u>151</u>	<u>1,287</u>
Net increase (decrease) in cash and cash equivalents	18,481	4,542	23,175	4,626	50,824
Cash and cash equivalents, beginning of year	67,887	15,378	12,746	6,241	102,252
Cash and cash equivalents, end of year	<u>\$ 86,368</u>	<u>\$19,920</u>	<u>\$ 35,921</u>	<u>\$10,867</u>	<u>\$ 153,076</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$(148,437)	\$10,333	\$ 22,281	\$ 7,729	\$(108,094)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	3,190	171	760	1,285	5,406
Loss on sale of equipment	4,518	-	-	-	4,518
Commodities used	21,319	-	-	-	21,319
(Increase) decrease in accounts receivable	1,994	(3,496)	(205)	(2,200)	(3,907)
Decrease in due from other governments	-	641	-	-	641
Decrease in inventory	2,028	-	-	-	2,028
Increase (decrease) in accounts payable	(150)	-	1,688	5,661	7,199
Increase (decrease) in accrued salaries and benefits	(104)	(3,300)	840	-	(2,564)
Net cash provided by (used in) operating activities	<u>\$(115,642)</u>	<u>\$ 4,349</u>	<u>\$ 25,364</u>	<u>\$12,475</u>	<u>\$ (73,454)</u>

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2011 the District received \$21,319 of federal commodities.

WILTON COMMUNITY SCHOOL DISTRICT
Schedule of Changes in Fiduciary Assets and Liabilities - Agency Fund
For the Year Ended June 30, 2011

Schedule 6

	Balance, Beginning of <u>Year</u>	<u>Additions</u>	<u>Deductions</u>	Balance, End of <u>Year</u>
Assets				
Cash	<u>\$ 56,283</u>	<u>\$ 77,411</u>	<u>\$ 76,192</u>	<u>\$57,502</u>
Liabilities				
Due to others	<u>\$ 56,283</u>	<u>\$ 77,411</u>	<u>\$ 76,192</u>	<u>\$57,502</u>

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
Schedule of Changes in Special Revenue Fund, Student Activity Accounts
For the Year Ended June 30, 2011

Schedule 7

Account	Balance, Beginning of Year	Revenues	Expenditures	Balance, End of Year
Drama/speech	\$ 647	\$ 1,533	\$ 1,552	\$ 628
Vocal - elementary	-	432	432	-
Vocal - high school	4,874	5,968	7,047	3,795
Instrumental - elementary	1,230	1,220	1,069	1,381
Instrumental - high school	939	7,581	7,407	1,113
Weight-lifting	754	657	1,411	-
Cross country	1,917	4,435	4,365	1,987
Boys' basketball	3,634	12,522	11,198	4,958
Football	6,027	28,239	25,787	8,479
Baseball	4,579	24,564	24,566	4,577
Boys' track	484	3,191	2,902	773
Boys' golf	310	2,701	2,490	521
Wrestling	1,814	19,129	17,528	3,415
Girls' basketball	1,518	11,261	11,823	956
Volleyball	5,586	21,645	22,867	4,364
Softball	2,572	22,067	18,927	5,712
Girls' track	1,734	2,292	2,730	1,296
Girls' golf	561	1,970	1,797	734
Student services	338	7,119	2,155	5,302
Chess club	6	-	-	6
PIE	513	253	225	541
Elementary student leaders	121	-	-	121
Students 4 Earth	1,233	-	-	1,233
Elementary Earth keepers	205	-	93	112
Yearbook - high school	102	12,408	10,844	1,666
Yearbook - elementary	499	-	-	499
Stepperettes	1,803	6,658	5,296	3,165
Cheerleaders - high school	479	4,170	3,412	1,237
FFA	2,082	14,855	16,795	142
FCCLA	238	6,928	5,484	1,682
Elementary student activity	3,919	11,144	10,575	4,488
National Honor Society	285	200	371	114
REVIVE	-	419	378	41

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
Schedule of Changes in Special Revenue Fund, Student Activity Accounts
For the Year Ended June 30, 2011

Schedule 7

Account	Balance, Beginning of Year	<u>Revenues</u>	<u>Expenditures</u>	Balance, End of Year
JR/SR activity	\$ 419	\$ 670	\$ 1,089	\$ -
Student advisory - junior high	1,501	3,041	2,545	1,997
Student council - high school	897	4,450	3,852	1,495
Reflections Lit Mag	-	779	779	-
Senior class	-	442	-	442
Junior class	1,275	1,760	2,233	802
Sophomore class	173	2	173	2
Freshmen class	-	130	15	115
Prom committee	639	127	-	766
Eighth grade class	3,742	2,843	982	5,603
Seventh grade class	160	284	444	-
Media - elementary	895	782	1,052	625
Media - jr. and sr. high	1,056	676	482	1,250
6th Gr Beaver Store	479	1,316	1,070	725
Enterprise systems	1	145	146	-
Applied Econ 1	1	136	137	-
Applied Econ 2	-	494	494	-
Fall canteen	-	4,433	4,433	-
Winter canteen	-	6,042	6,042	-
Spring canteen	-	1,651	1,651	-
Summer canteen	1,638	10,518	8,884	3,272
S.O.D.A.	324	-	-	324

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds
For the Last Eight
Years

Schedule 8

	Modified Accrual Basis							
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Revenues								
Local sources								
Local tax	\$3,659,470	\$ 3,709,720	\$3,707,794	\$3,598,922	\$3,417,117	\$3,335,158	\$3,322,477	\$3,019,853
Tuition	411,118	379,083	402,242	383,098	477,812	450,800	493,872	424,635
Other	530,307	468,265	433,419	549,223	482,115	467,242	446,842	318,516
Intermediate sources	-	-	-	-	-	500	3,060	-
State sources	4,204,232	3,718,185	4,577,782	4,376,521	4,134,876	3,901,605	3,901,564	3,498,132
Federal sources	447,969	657,108	221,715	150,894	164,436	139,652	159,079	134,745
Total revenues	<u>\$9,253,096</u>	<u>\$ 8,932,361</u>	<u>\$9,342,952</u>	<u>\$9,058,658</u>	<u>\$8,676,356</u>	<u>\$8,294,957</u>	<u>\$8,326,894</u>	<u>\$7,395,881</u>
Expenditures								
Current								
Instruction								
Regular	\$3,400,589	\$ 3,557,978	\$3,494,816	\$3,181,829	\$3,091,111	\$3,060,762	\$3,096,370	\$3,389,717
Special	1,144,315	991,773	1,053,432	897,720	943,653	966,671	921,668	1,091,956
Other	1,064,807	1,064,915	999,252	983,326	921,757	926,696	1,042,339	629,615
Support services								
Student	303,467	352,485	351,388	352,716	321,797	272,911	263,003	302,904
Instructional staff	209,813	197,512	190,332	201,046	188,721	201,257	156,403	141,931
Administration	922,493	931,409	914,904	856,757	860,445	810,396	769,867	655,070
Operation and maintenance of plant	790,783	716,168	745,253	794,546	699,579	639,298	507,485	489,795
Transportation	341,172	306,009	407,175	364,125	321,782	314,899	286,540	221,345
Non-instructional programs	13,765	12,532	12,085	11,216	9,499	2,429	51,944	40,301
Other expenditures								
Facilities acquisition	137,053	172,571	975,132	243,039	198,172	41,122	2,074,304	1,152,032
Long-term debt								
Principal	350,000	1,330,000	375,000	525,000	510,000	460,000	215,000	195,000
Interest and other charges	4,278	59,834	34,489	39,746	51,546	60,965	69,432	62,809
AEA flowthrough	331,288	334,015	313,332	292,563	281,206	262,759	259,147	248,092
Total expenditures	<u>\$9,013,823</u>	<u>\$10,027,201</u>	<u>\$9,866,590</u>	<u>\$8,743,629</u>	<u>\$8,399,268</u>	<u>\$8,020,165</u>	<u>\$9,713,502</u>	<u>\$8,620,567</u>

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

Schedule 9

Grantor/Program	CFDA Number	Grant Number	Expenditures	
Indirect				
U.S. Department of Agriculture				
Iowa Department of Education				
School Nutrition Cluster Programs				
School Breakfast Program	10.553	FY11	\$ 12,859	
National School Lunch Program	10.555	FY11	141,933	*
Summer Food Service Program for Children	10.559	FY11	624	
Total Department of Agriculture			<u>155,416</u>	
U.S. Department of Education				
Iowa Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010	FY11	67,652	
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	FY11	<u>15,582</u>	
			83,234	
Improving Teacher Quality State Grants	84.367	FY11	31,141	
ARRA - State Fiscal Stabilization Fund (SFSF) -				
Education State Grants, Recovery Act	84.394	FY11	45,523	
ARRA - State Fiscal Stabilization Fund (SFSF) -				
Government Services, Recovery Act	84.397	FY11	37,589	
Education Jobs Fund	84.410	FY11	<u>64,108</u>	
Total Iowa Department of Education			<u>261,595</u>	
Grant Wood Area Education Agency				
Special Education-Grants to States	84.027	FY11	41,028	**
Career and Technical Education -Basic Grants to States	84.048	FY11	300	
ARRA - Special Education Grants to States, Recovery Act	84.391	FY11	<u>61,635</u>	**
Total Area Education Agency			<u>102,963</u>	
Total Department of Education			<u>364,558</u>	
U.S. Department of Health and Human Services				
Iowa Department of Education				
Cooperative Agreements to Support Comprehensive School Health Programs				
to Prevent the Spread of HIV and Other Important Health Problems	93.938	FY11	172	
Total federal awards			<u>\$ 520,146</u>	

* Includes \$21,319 of non-cash awards

** Total for Special Education Cluster (IDEA) is \$102,663

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Wilton Community School District and is presented on the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying Independent Auditor's Report.

KAY L. CHAPMAN, CPA PC

119 West Mississippi Drive Suite 3
Muscatine, Iowa 52761
563-264-1385

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Board of Education
Wilton Community School District

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Wilton Community School District as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued my report thereon dated March 1, 2012. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Wilton Community School District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing my opinion on the effectiveness of Wilton Community School District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Wilton Community School District's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, I identified a certain deficiency in internal control over financial reporting I consider to be a material weakness.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. I consider the deficiency in internal

control described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-11 to be a material weakness.

Compliance and Other Matters

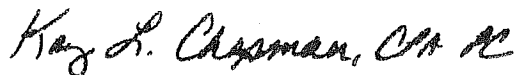
As part of obtaining reasonable assurance about whether Wilton Community School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, I noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the District. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Wilton Community School District's responses to findings identified in my audit are described in the accompanying Schedule of Findings and Questioned Costs. While I have expressed my conclusions on the District's responses, I did not audit Wilton Community School District's responses and, accordingly, I express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Wilton Community School District and other parties to whom Wilton Community School District may report, including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

I would like to acknowledge the many courtesies and assistance extended to me by the personnel of the Wilton Community School District during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.



Kay L. Chapman, CPA PC
March 1, 2012

KAY L. CHAPMAN, CPA PC

119 West Mississippi Drive, Suite 3
Muscatine, Iowa 52761
563-264-1385

Independent Auditor's Report on Compliance with Requirements That Could Have a Direct
and Material Effect on Each Major Program and on Internal Control over Compliance
in Accordance with OMB Circular A-133

To the Board of Education
Wilton Community School District

Compliance

I have audited the compliance of Wilton Community School District with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of Wilton Community School District's major federal programs for the year ended June 30, 2011. Wilton Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Wilton Community School District's management. My responsibility is to express an opinion on Wilton Community School District's compliance based on my audit.

I conducted my audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Wilton Community School District's compliance with those requirements and performing such other procedures as I consider necessary in the circumstances. I believe my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Wilton Community School District's compliance with those requirements.

In my opinion, Wilton Community School District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of Wilton Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws,

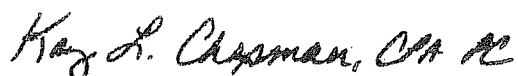
regulations, contracts and grant agreements applicable to federal programs. In planning and performing my audit, I considered Wilton Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Wilton Community School District's internal control over compliance.

My consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed below, I identified a deficiency in internal control over compliance I consider to be a material weakness.

A deficiency in the District's internal control over compliance exists when the design or operation of the control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. I consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items III-A-11 to be a material weakness.

Wilton Community School District's responses to findings identified in my audit are described in the accompanying Schedule of Findings and Questioned Costs. While I have expressed my conclusions on the District's responses, I did not audit Wilton Community School District's responses and, accordingly, I express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Wilton Community School District and other parties to whom Wilton Community School District may report, including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Kay L. Chapman, CPA PC
March 1, 2012

WILTON COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011

Part I. Summary of the Independent Auditor's Results

1. Unqualified opinions were issued on the financial statements.
2. A material weakness in internal control over financial reporting were disclosed by the audit of the financial statements.
3. The audit did not disclose any non-compliance which is material to the financial statements.
4. A material weakness in internal control over the major programs was disclosed by the audit of the financial statements.
5. An unqualified opinion was issued on compliance with requirements applicable to each major program.
6. The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
7. Major programs were as follows:
 - CFDA Number 84.394 ARRA – State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act
 - CFDA Number 84.410 Education Jobs Fund
 - Clustered programs:
 - CFDA Number 10.553 School Breakfast Program
 - CFDA Number 10.555 National School Lunch Program
8. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
9. Wilton Community School District did not qualify as a low-risk auditee.

WILTON COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011

Part II. Findings Related to the Financial Statements

INTERNAL CONTROL DEFICIENCY

II-A-11 Segregation of Duties - The limited number of accounting personnel makes it difficult to achieve adequate internal accounting control through the segregation of duties and responsibilities. I noted that for some funds, the same individual performed the following duties: recording and processing cash receipts, preparing checks and bank reconciliations, preparation of journals and general financial information for ledger posting, and the analysis of financial information. A small staff makes it difficult to establish an ideal system of automatic internal checks on accounting record accuracy and reliability, although I noted the District had taken steps to segregate duties between the present personnel. This is not an unusual condition but it is important the District officials are aware that the condition exists.

Recommendation - I realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review the operating procedures of the District to obtain the maximum internal control possible under the circumstances.

Response - We will review our procedures and implement changes to improve internal control, as we deem necessary.

Conclusion - Response accepted.

INSTANCES OF NON-COMPLIANCE

No matters were noted.

WILTON COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011

Part III. Findings and Questioned Costs for Federal Awards

INSTANCES OF NON-COMPLIANCE

No matters were noted.

INTERNAL CONTROL DEFICIENCY

CFDA Number 10.553 School Breakfast Program
CFDA Number 10.555 National School Lunch Program
Federal Award Year: 2011
U.S. Department of Agriculture
Passed through the Iowa Department of Education

CFDA Number 84.394 ARRA – State Fiscal Stabilization Fund (SFSF) – Education State
Grants, Recovery Act
Federal Award Year: 2011
U.S. Department of Education
Passed through the Iowa Department of Education

CFDA Number 84.410 Education Jobs Fund
Federal Award Year: 2011
U.S. Department of Education
Passed through the Iowa Department of Education

III-A-11 Segregation of Duties - The limited number of accounting personnel makes it difficult to achieve adequate internal accounting control through the segregation of duties and responsibilities. I noted that for some funds, the same individual performed the following duties: recording and processing cash receipts, preparing checks and bank reconciliations, preparation of journals and general financial information for ledger posting, and the analysis of financial information. A small staff makes it difficult to establish an ideal system of automatic internal checks on accounting record accuracy and reliability, although I noted the District had taken steps to segregate duties between the present personnel. This is not an unusual condition but it is important the District officials are aware that the condition exists.

Recommendation - I realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review the operating procedures of the District to obtain the maximum internal control possible under the circumstances.

WILTON COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011

Response - We will review our procedures and implement changes to improve internal control, as we deem necessary.

Conclusion - Response accepted.

Part IV. Other Findings Related to Required Statutory Reporting:

1. Certified Budget - Expenditures for the year ended June 30, 2011 did not exceed the amounts budgeted.
2. Questionable Expenditures - No expenditures I believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979, were noted.
3. Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
4. Business Transactions - Business transactions between the District and District officials are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Jeff Belknap, board member part owner of Belknap's Custom Flooring	repairs	\$ 5,820
Linda Duncan, board member Part owner of LNT Special Tees, Inc.	Supplies	\$10,736

The transactions with the board members' businesses appear to represent a potential conflict of interest since the totals paid to each business totaled more than \$2,500 (as allowed by Chapter 279.7A of the Code of Iowa) during the fiscal year.

Recommendation - The District should consult legal counsel to determine the disposition of this matter.

Response - We will review the situation.

Conclusion - Response accepted.

5. Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

WILTON COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011

6. Board Minutes - I noted no transactions requiring Board approval, which had not been approved by the Board. However, it was noted that the District did not publish all bills as required by Chapter 279.36 of the Code of Iowa.

Recommendation - The District should ensure that all bills, including Student Activity, School Nutrition, Enterprise and Trust Fund bills, are published on a monthly basis in compliance with the Code of Iowa.

Response - We will review our policy regarding publication of the bills for the funds that do not contain tax dollars.

Conclusion - Response accepted.

7. Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.
8. Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
9. Deposits and Investments - No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
10. Certified Annual Reports - The Certified Annual Report was certified timely to the Department of Education.
11. Categorical Funding - No instances were noted of categorical funding being used to supplant rather than supplement other funds.
12. Statewide Sales, Services and Use Tax - No instances of noncompliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2011, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

WILTON COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011

Beginning balance		\$ 183,698
Revenues		
Statewide sales and services tax revenue	\$ 536,760	
Other local revenues	<u>4,913</u>	541,673
Expenditures/transfers out		
School infrastructure		
School infrastructure construction	\$ 130,778	
Equipment	50,059	
Debt service for school infrastructure		
Revenue debt	<u>354,278</u>	<u>535,115</u>
Ending balance		<u>\$ 190,256</u>

For the year ended June 30, 2011, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

WILTON COMMUNITY SCHOOL DISTRICT
Audit Staff
June 30, 2011

This audit was performed by

Kay Chapman, CPA
Tammy Calvert, staff accountant

WILTON COMMUNITY SCHOOL DISTRICT
Corrective Action Plan for Federal Audit Findings
For the Year Ended June 30, 2011

<u>Comment Number</u>	<u>Comment Title</u>	<u>Corrective Action Plan</u>	<u>Contact Person, Title, Phone Number</u>	<u>Anticipated Date of Completion</u>
III-A-11	Segregation of Duties	District reviewed procedures and plan to make the necessary changes, as we deem necessary to improve internal control	Staci Owens- Kirkman Business Manager (563) - 732- 2035	6/30/2012

WILTON COMMUNITY SCHOOL DISTRICT
Summary Schedule of Prior Federal Audit Findings
For the Year Ended June 30, 2011

<u>Comment Number</u>	<u>Comment Title</u>	<u>Status</u>	<u>If not corrected, provide planned corrective action or other explanation</u>
III-A-10	Segregation of Duties	Not corrected.	Plan to segregate duties for custody, recordkeeping and reconciling among Wilton Community School District staff.